

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SCI-06 PA-04 PRS-01 USIA-15 L-03 ACDA-19

INT-08 SCEM-02 EB-11 COME-00 CIAE-00 INR-10 NSAE-00

RSC-01 DRC-01 /107 W

----- 081377

R 091720Z NOV 73

FM USMISSION EC BRUSSELS

TO AEC GERMANTOWN 961

INFO SECSTATE WASHDC 6004

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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C O N F I D E N T I A L EC BRUSSELS 6396

AEC PASS C. LARSON, OCM; J. FLAHERTY, AGM; A. FRIEDMAN, DIP

E.O. 11652: GDS

TAGS: TECH

SUBJECT: ENRICHED URANIUM

1. J. RUBIN IN HIS CAPACITY AS SENIOR AEC REPRESENTATIVE IN EUROPE WAS INTERVIEWED TODAY AT REQUEST OF MR. NICOLAS VICHNEY, SCIENCE EDITOR FOR LE MONDE, THE LEADING FRENCH NEWSPAPER. SOLE TOPIC OF DISCUSSION WAS URANIUM ENRICHMENT. THE INTERVIEW WAS ON A "NOT FOR ATTRIBUTION" BASIS. PRINCIPAL FOCUS OF QUESTIONS WAS DIRECTED AT US REACTION TO (1) PLANS BY EURODIF AND URENCO GROUPS TO ESTABLISH EUROPEAN ENRICHMENT CAPACITY, AND (2) REACTION OF US IF EUROPEAN COMMUNITY "IMPLEMENTS EXISTING EURATOM AUTHORITY" TO REQUIRE PURCHASE OF ENRICHED URANIUM FROM MEMBER STATES AND THEREBY EXCLUDE THE US

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FROM COMPETING FOR ANY OF THE MARKET. RUBIN'S ANSWER TO FIRST

QUESTION NOTED USAEC PUBLISHED PROJECTIONS THAT OVER 50 PERCENT OF THE FOREIGN MARKET AFTER PRESENT US ENRICHMENT CAPACITY FULLY COMMITTED WOULD BE SUPPLIED BY FOREIGN SOURCES. NO ATTEMPT WAS MADE TO SPECIFICALLY ANSWER QUESTION #2 EXCEPT TO POINT OUT THAT BROADER GOVERNMENT AGREEMENTS ON RESTRICTING TRADE BY WOULD BE ASSESSED BY THE US IF AND WHEN THE QUESTION ARISES. ALSO A WELL KNOWN CONCERN OF SEVERAL EUROPEAN UTILITIES WAS NOTED THAT THE THREE COUNTRIES (CANADA, SOUTH AFRICA AND THE US) WHICH HOLD ABOUT 80 PERCENT OF THE WORLD NATURAL URANIUM RESERVES COULD RETALIATE TO PROTECT THEIR INVESTMENT IN ENRICHMENT PLANTS BY ELIMINATING THE PRESENT PRACTICE OF TOLL ENRICHING SERVICE AND IN THE FUTURE ONLY SELL ENRICHED URANIUM.

2. THE FOCUS OF THE INTERVIEW AGAIN POINTS OUT THAT DISCUSSIONS HAVE OCCURRED AND ARE CONTINUING IN CONNECTION WITH ESTABLISHING A EUROPEAN ENRICHMENT CAPACITY, PARTICULARLY UNDER EUROTIF, TO INCLUDE SOME BINDING AGREEMENT BY UTILITIES IN THE MEMBER STATES OF THE EUROPEAN COMMUNITY TO PURCHASE THEIR REQUIREMENTS INTERNALLY. THIS WOULD RESULT IN THE US BEING ELIMINATED FROM ANY SHARE OF THE MAJOR PART OF THE EURATOM MARKET. IT IS POSSIBLE THE EXCLUSION WOULD BE FOR AN INTERIM PERIOD SUCH AS 1980-1985 TO HELP GET A EUROPEAN CAPACITY ESTABLISHED. (THIS TRACKS THE STORY BY SPAAK REPORTED BY NELSON SIEVERING AT HEIDENRICH LUNCH ON OCTOBER 30, 1973.) VICHNEY SUGGESTED THIS WOULD BE NO DIFFERENT THAN THE PRESENT US EMBARGO ON IMPORT OF NATURAL URANIUM TO THE US FOR DOMESTIC USE.

3. IN LIGHT OF THE ABOVE THE AEC IN COUNCIL WITH OTHERS IN WASHINGTON SHOULD SERIOUSLY START NOW TO ASSESS WHAT IT COULD AND WOULD DO IF THE EUROPEAN COMMUNITY EXERCISES ITS REPORTED EURATOM AUTHORITY TO REQUIRE MEMBER STATES TO BUY ENRICHMENT SERVICE INTERNALLY AND EXCLUDE THE US AND OTHERS FROM THE MARKET. IN FACT IT MIGHT BE GOOD TACTICS TO SELECTIVELY INFORM KEY EUROPEAN COMMUNITY OFFICIALS OF THE US POSITION ON THIS POSSIBILITY IN ORDER TO HOPEFULLY AVOID ITS OCCURRENCE RATHER THAN HAVE TO REACT SHOULD IT OCCUR.

4. VICHNEY STATED THE FRENCH WOULD LIKELY DECIDE WITHIN A MONTH WHETHER TO PROCEED WITH EUROTIF AND WAS CONFIDENT THEY

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WOULD. HE WAS NOT AS CERTAIN THAT THEY WOULD DECIDE TO PROCEED ALONE WHICH MEANS THEY ALREADY HAVE SUFFICIENT SUPPORT OR WILL ATTEMPT TO COUNTER THE URENCO MOMENTUM PROVIDED BY THE RECENT 1300 TONNE ORDER FROM CEGB.GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: URANIUM, SCIENTIFIC COOPERATION, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU06396
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731145/aaaabgpg.tel
Line Count: 111
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29-Aug-2001 by rowellE0>; APPROVED <06-Nov-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENRICHED URANIUM
TAGS: TECH
To: AEC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005